P 28E

App. F. IX-4

Previous References 1934. (4.7.)

File No. 420-34

Serial Nos. 1-5

Later References.

SJ. 446-38(1)

PRESERVED

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. Five

Part B for May 35

SUBJECT.

Re Changes in the accounting procedure of Govt. Commercial Concerns

WD 01965—GPB—15,000—7-7-34

Serial No.	
1	Letter no 4699/222-1934 dated 3rd July 1934 from the Secretary to the Hon'ble the Resident forwarding a copy of order no 1407 dated 20-11-33 issued by the Madras government.
	Draft letter to the Comptroller forwarding the government order submitted for approval
	2 W 26-7-34
	2) Issue Ⓒ 2617/34
	Fl 991 ✓ 30/7/34
	Circ for 2 months.
	2 W 2-8-34
	3) The Comptroller may perhaps be asked to state whether he considers any change in the existing procedure necessary, with reference to the revised procedure followed in British India
	2 W 2-10-34
	4) Fl Secy) Ⓒ 2/10/34.
	5) Bn 3/10 Ⓒ 3/10/34.
	6) Forwarded with compliments to the Comptroller Bo. M Shamanna Dep Fl: Secy
	W.O. Fl 5 4.10.34.
	4.10.34
	226/Gl IAD 13.10.34

NOTE—Contn. Sheet.

File No. 83/71/34694 of 193 | General and Revenue Secretariat

2.6.336/8pl 18/12/34

Returned with compliments.

N.O. 469/G.A.O dt 18.12.34

2.1) The Director of Industries and Commerce is being consulted in the matter. On receipt of his reply, a final report will be submitted to Government. A

Comptroller.

8) A May be awaited.

20 DEC. 1934

28-12-34 9) For perusal

H.Secy. 28/12/34

10) 2/1/35

8B 2/1/35.

Secs. 3-1-35

Letter no 860 I A D dated 18th April 1935 from the Comptroller.

11) The Comptroller was asked to examine the present procedure in the matter of accounting of the transactions of the Commercial concerns, with reference to the changes recently effected by the Madras Government, and report whether any change is necessary here. He reports that no change is necessary, since the procedure followed in Mysore is more advantageous than that followed in Madras. For reasons stated by the Comptroller, no change is called for.

12) As long as Departmental Commercial concerns are

7-5-35

Serial No.

on a cash basis the existing procedure of accounting in the State appears to be the best since the cash position of the concerns are exhibited accurately, as compared to the grants, in the accts as now prepared and the progress of expr is also easily compared against the budget grants. The final result of the working of concerns either loss or gain are taken to calculation in the annual budget, so that as pointed out by the Comptroller the working of between orders of the Budget is avoided. There does not appear to be any necessity to change the annual system of Comm. accts in the State.

FI 8/5

(3) The Comptr's View may be accepted and the present procedure continued

8/5

(4) To Comptroller, with compliments, for favour of note and return

By order,

N. Madhavan

for Financial Secretary

NOTE—Contra Sheet

10-5-35

4699

File No. of 193

General and Revenue Secretariat

R.O. 675/6A
17-5-35

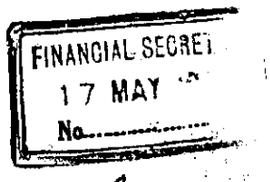
U.O. No.928/IAD dated 16-5-1935

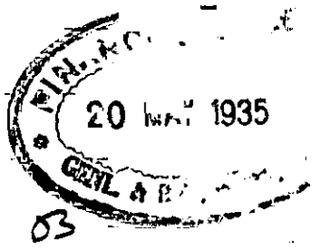
Noted and returned with compliments.

Comptroller
16/5

Cv

May be recorded.





53

2 KW
20/5/35
28

G.2-420-34-1

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

3968

No. 858/I.A.D. Bangalore, dated 10th May 1934.
Enc. 2.

From

M. VENKATESA IYENGAR, Esq., M.A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

To

S. Shamanna, Esq., B.A.,
Secretary to the Government of Mysore,
Financial Department,
Bangalore.

1 JUNE 1934
No. 1683

Sir,

I have the honour to state that the Government of India have arranged with effect from 1st April 1934 that the cash receipts and expenditure relating to the Government commercial concerns, should enter into the general accounts in the same way as the transactions of other departments of Government. With a view to find out the details of the procedure adopted by the Government of India I addressed the Accountant General Madras, to send me a copy of the order of Government passed in the matter and also a copy of rules framed thereunder. A copy of his reply received is herewith sent for information. To pursue the matter further it would be advantageous if the causes that led to this change and the details of procedure introduced in Madras Government are known. I request that if Government approve a copy of Government Order No.1407/Dev. dated 20th November 1933 mentioned by the Accountant General in his letter mentioned above may be obtained from the Madras Government.

I have the honour to be,
Sir,
Your most obedient servant.

draft submitted for approval.
23-5-34

M. Venkatesa Iyengar

Comptroller.

H Secy) 23/5/34

Dewan) may be approved
No Fol 1175 dated 6-6-34
1.6.34.

ING SECTION
JUN. 1934

Eng tele 1-8-34

Letter No. O.A. 33(h) 29/32-34/1191 dated 28th March 1934 from the Accountant General, (O.A.D.Section), Madras, to the Comptroller to the Government of Mysore, Bangalore.

Subject:- Budget and accounting procedure applicable to Commercial concerns.

With reference to your letter No.672/I.A.D. dated 10th March 1934, I have the honour to forward herewith a copy of Government Order No.P.743 Finance dated 16th November 1933 in which Government have approved of the revised budget and accounting procedure in respect of commercial concerns in this Province to be brought into force with effect from 1st April 1934.

2. It is requested that a copy of G.O.No/1407 Dev. dated 20th November 1933 in which Government approved the draft memoranda prepared by this office showing the proposed system of Government accounts and the changes necessary in the existing system of commercial accounts in respect of the commercial concerns may please be obtained direct from Government, as no spare copy is available in this office.

3. No special instructions have been issued by this office to the Treasury Officers excepting that they have been intimated about the abolition of the Personal Ledger Accounts with effect from 1st April 1934 and asked to open a new remittance head through which the transactions of these Government Commercial concerns may be adjusted from that date.

"C O P Y"

V. Hanumanta Chetty
For Superintendent,
Records Section,
Comptroller's Office.

SNS.

Copy of G.O.No.P.743, Finance Department dated 16th November 1933.

Budget Estimates - Government Commercial Concerns - Revised Budget procedure - Introduction - Orders issued.

O R D E R:-

According to the present system of budgeting, the gross receipts and expenditure relating to the three Government Commercial Concerns specified in the margin* are shown in "Appendix E" to the Civil Budget Estimates and only the net profit or loss of each concern is shown in the Civil Budget Estimates under the appropriate revenue or expenditure head respectively. The Government are advised that this procedure is not a sufficient compliance with Section 72-D of the Government of India Act and that the gross expenditure and receipts should be shown in the Civil Budget Estimates as in the case of non-commercial transactions. The Government accordingly direct that, with effect from the estimates and accounts for 1934-35, the gross receipts and expenditure relating to all Government commercial concerns be shown in the Civil Budget Estimates and the issue of "Appendix E" thereto be discontinued.

1. Government Cinchona Plantations.
2. Kerala Soap Institute.
3. Industrial Engineering Workshops, Madras.

2. The heads of account under which the gross receipts and expenditure should be exhibited in the Civil Budget Estimates are detailed in the Annexure to these proceedings.

3. All capital expenditure on schemes estimated to cost over Rs.500/- lakhs each (such as the Anamalais Plantations) should, as at present, be budgeted for under the capital Major head "56.c. Capital Outlay on Industrial Development" unless the Government decide to debit such expenditure to current revenues when it will be budgeted for in detail under the major head "35-A. Capital Outlay on Industrial Development met from revenues."

4. Separate orders will be issued regarding consequential

P.T.O.

changes in the accounting procedure to be followed.

"True copy"

Sd. B. Subramaniam.

Manager,
Accountant-General's Office,
Madras.

"C O P?Y"

V. Hiranyatty Chetty
for Superintendent,
Records Section,
Comptroller's Office.

G.7-4'20-34-2

No. Pol. 1175 & 6/6/34

To

The Secretary to the Government of
Madras, Development department.

Through

The Secretary to the Hon'ble the
Resident in Mysore, Bangalore.

Sir,

I am directed to request you to be so good as to kindly send to this office for reference if there is no objection a copy of Government order No. 1407 Dev dated 20th November 1933, regarding the Budget and accounting procedure applicable to Commercial concerns.

I have etc.,

N 6/6.

23-5-34 Financial Secretary

Fe 7863 07 6/6/34

Copy of the above is forwarded with compliments to the Comptroller, for information with reference to his letter No.858 dated 10th May 1934.

By order,

N 6/6.

Financial Secretary

N
23-5-34

G.F.&P.20-34-3 Pol. 5

No. 4699. Genl/ 222-1934.

Office of the Resident in Mysore, Bangalore,

FINANCIAL BRANCH 83 5 JULY 1934 GENL

Dated the 3rd June 1934.

@in original

A copy of the marginally* noted paper is forwarded with compliments, to the Financial Secretary to the Government of His Highness the Maharaja of Mysore, with reference to his letter No.Pol.1175/Fl., dated the 4/6th June 1934.

*Proceedings of the Government of Madras, Development Department, No.1407, dated the 20th November 1933.

for SECRETARY TO THE RESIDENT.

AR/29.6.

Government of Madras

DEVELOPMENT DEPARTMENT

G.O. No. 1407, 20th November 1933

Government Commercial concerns—Revised budget procedure—Changes in the accounting procedure—Memoranda submitted by the Accountant-General—Approved.

READ—the following papers :—

I

G.O. No. 743, Finance, dated 16th November 1933.

II

Letter from M. BUTLER, Esq., Accountant-General (O.A.D. Section), Madras, to the Secretary to Government, Development Department, dated the 8th August 1933, No. O.A. 33 (*h*) 29/32-33/672.

III

Letter from M. BUTLER, Esq., Accountant-General (O.A. Section), Madras, to the Secretary to Government, Development Department, dated the 31st October 1933, No. O.A. 33 (*h*) 29/32-33/176.

Order—No. 1407, Development, dated 20th November 1933.

Orders were issued in G.O. No. 743, Finance, dated 16th November 1933, on the introduction of the revised budget procedure in respect of the three commercial concerns specified in the margin *, with effect from the estimates and accounts for 1934–35, and it was stated in paragraph 4 of the Government Order that separate orders would be issued regarding consequential changes in the accounting procedure to be followed. In his letters read above the Accountant-General has submitted draft memoranda showing (1) the proposed system of Government accounts and (2) the changes necessary in the existing system of commercial accounts in the three commercial concerns. They are approved and appended to this order. The officers in charge of these concerns should strictly follow the instructions for their guidance.

* (1) The Government Cinchona Plantations.
(2) The Kerala Soap Institute.
(3) The Industrial Engineering Workshops, Madras.

(By order of the Governor in Council.)

C. A. HENDERSON,
Secretary to Government.

To the Accountant-General.
,, Director of Industries.
,, Deputy Director of Agriculture (Cinchona).
,, Finance (Accounts).
,, Finance Budget (Compilation).
Finance Budget Estimate, III.
Copy to the Auditor-General (with C.L.).

APPENDIX.

A Memorandum showing the system of Government accounts and registers to be maintained in the commercial concerns (1) *The Cinchona Plantations,* (2) *The Industrial Engineering Workshops and* (3) *The Kerala Soap Institute consequent on the introduction of the Gross Budgeting system.*

Introduction.

In respect of the three commercial concerns, viz., (1) the Government Cinchona Plantations, (2) the Kerala Soap Institute, Calicut, and (3) the Industrial Engineering Workshops, Madras, the procedure laid down in chapter 2 of the Account Code has hitherto been followed. The Government of India have, however, since decided that the procedure of including the net profit or net loss only of these concerns in the Budget does not constitute compliance with sub-section (2) of section 72 D of the Government of India Act in accordance with which the gross estimated receipts and expenditure should be shown in the Budget laid before the Legislature on the receipts and expenditure sides respectively.

Consequent on the introduction of the gross budgeting system this memorandum has been drawn up containing the rules which are special to these commercial concerns, and which should be applied in connexion with the exhibition of their transactions in the Government Accounts. The financial rules in the Madras Financial and Account Code, and the rules in the Madras Budget Manual regarding the control of expenditure will hold good for these concerns except to the extent to which they are superseded by the special rules laid down in this memorandum.

2. *Cash Book.*—(1) An account of all cash transactions both for receipts and payments (including Imprest Cash account) should be recorded in the Cash Book in Form No. I (specimen attached). It contains a single money column on the receipt side, viz., ' cash ' and two money columns on the payment side, viz., ' cash ' and ' Bank.'

(2) All receipts realized by the department should at once be brought to account on the receipt side and should be remitted into the Imperial Bank of India as often as practicable and in any case when they exceed such amount as may be prescribed by a competent authority. The credits should be classified in the Government accounts under the head " Remittances of Government commercial undertakings." The amount remitted into the Imperial Bank should be posted on the payment side of the cash book.

(3) All payments, whether by cash or cheque, should be entered in the respective columns on the payment side. When payment is made by cheque, there is no need to enter the amount as cash received on the receipt side. Deductions on account of (1) Service Funds, (2) Income-tax, (3) Advances, etc., made from the salaries of employees (which are accounted for in Gross sums on the payment side) should be entered both in the cash column on the payment side and on the receipt side. On the payment side, the amount should be classified under the same head as the amount of the corresponding cheque. On the receipt side it should be classified under the respective heads of account, viz., (1) Unfunded Debt—Savings Bank accounts—General Provident Fund; (2) Suspense accounts—Departmental adjusting account—Receipts in cash, and (3) Advances Repayable—O.B.A.—Gazetted Officers or other officers.

(4) The private cash or accounts of members of the department should not be mixed up with the public cash or accounts.

Note.—The detailed instructions for maintaining the Cash Book are contained in Annexure I and they should be strictly observed in practice. Particular attention should be paid to the instructions Nos. (6) and (8) for dealing with imprest cheques as well as time expired, cancelled and lost cheques.

3. *Verification of Cash Book.*—The disbursing officer is required to check all the entries in the Cash Book as soon as possible after the date of their occurrence, and he should initial the book dating his initials after the last entry checked. The Cash Book should be signed by him at the end of the month and such signature should be understood as fixing responsibility for all the entries of the month inclusive of the closing balance.

Note.—The following is the memorandum of some of the more important parts of the verification.

The disbursing officer should—

(i) compare each entry of payment with the amount chargeable as shown in the voucher, seeing, at the same time, that it bears (i) payment order recorded by himself, and (ii) the certificate of disbursement signed by himself or an authorized subordinate and ticking off each voucher as it is passed ;

(ii) see, whilst examining the postings of vouchers on the payment side, that all deductions shown in the vouchers are posted as receipts on the receipt side of the Cash Book as described in paragraph 1 (3) above ; and

(iii) verify the totalling of the cash book or have this done by some principal subordinate (other than the writer of the Cash Book) who should initial and date it as correct.

4. *Verification of Cash Balance.*—The actual balance of cash should be verified on the last working day of each month and a certificate of the count of cash, specifying both in words and figures the actual cash balance, should be recorded below the closing entries in the cash book. This certificate should be signed by the disbursing officer who should invariably date his siganture.

5. *Imprest Cash Account.*—When an imprest is sanctioned to an officer, an imprest cash account should be maintained in Form No. II (Specimen attached) for recording the payments made by him out of the imprest sanctioned which should be recouped, as and when found necessary;

and always at the end of each month. The totals of the analysis column should at the time of each recoupment be carried to the main cash book on the payment side. The cash book voucher number should at the same time be noted on each of the vouchers received in support of the payments extracted in the analysis.

NOTE.—Instructions for maintaining the imprest cash account are contained in Annexure II, which should be carefully observed.

6. *Transfer entry book.*—All book transfers, i.e., transactions in which no actual payment or receipt of cash is involved should be recorded in the transfer entry book in Form No. III (specimen attached). They should be adjusted in the transfer entry book to the final head by credit or debit to suspense account, departmental adjusting account as the case may be. This book should be closed before the end of the month so that the figures may be incorporated in the monthly account through the posting register. The transfer entry book does not take the place of the 'Journal' at present maintained. All supplies from, and to Government departments as and when made will be entered in this book by debiting or crediting the final heads of expenditure or receipt as the case may be, by credit or debit to the head 'Suspense accounts—Departmental adjusting accounts'—details of the amounts so adjusted during the month being furnished at the foot of the monthly accounts submitted to the Accountant-General.

NOTE.—A single entry should be made at the close of the month of the total amount of cheques drawn by crediting the head "Remittances—cheques" in the posting ledger. The entry suggested is to enable the monthly accounts to balance correctly. The final heads concerned would have already been debited through the cash book by the amounts of the cheques issued in each case, and the consolidated entry suggested in the note referred to above, viz., credit to the head "Remittances—cheques" is to enable both sides of the monthly account to agree. No specific account need be debited but a note in the debit column of the transfer entry book may, if necessary, be made as below :—

"Final heads already debited in respect of the amounts of cheques issued."

7. *Register of cheques drawn.*—Cheques drawn on the Imperial Bank of India should be entered in a register in Form No. IV (specimen attached), a copy of which should be sent to the bank for verification and countersignature at the close of each month. The list countersigned by the bank should be forwarded to the Accountant-General along with the monthly accounts, after posting column (5) of the office copy of the register.

8. *Register of remittances into the bank.*—Remittances of cash, as and when they are made, should be recorded in a register maintained for the purpose in Form No. V (specimen attached). A consolidated receipt should be prepared for the whole of the remittances made during the month and sent to the Bank Agent for his signature, which should be obtained and forwarded to the Accountant-General, along with the monthly accounts.

9. *Receipt remittances received by the concerns in the form of cheques.*—The provisions contained in article 16 (*b*) of the Madras Financial and Account Code should be followed. According to this rule, all cheques received in payment of dues should be entered in the cash book only after they are cleared. The cheques should be sent as and when received to the bank with chalans for clearing and as soon as the receipted chalans are received from the bank, the amounts should be entered on the receipts side and on the payments side of the cash book for the remittance made into the bank. A register showing cheques received and remitted into the bank for realization will have to be maintained to watch the clearance of all cheques sent to the bank.

Cheques received and remitted into the bank for clearance and outstanding at the end of the month will not appear in the monthly accounts, as the cheques received will be entered on the receipts side of the cash book only after they are realized. Such remittances will be entered in the Register of Remittances—Form V—only after the receipt chalans are received.

10. *Register of cheques and receipt books.*—A register of cheques (and receipts) books should be maintained in Form No. VI (specimen attached) separate pages being reserved for cheque books and receipt books.

11. *Posting register.*—This is an intermediary register for the purpose of compiling the monthly account for submission to the Accountant-General. This should be maintained in Form No. VII (specimen attached) and posted from the cash book and transfer entry book.

12. *Form of monthly account.*—A classified abstract should be prepared from the posting register described above in Form No. VIII (specimen attached) and despatched to the Accountant-General on or before the 8th of the month following that to which the accounts relate accompanied by the I. Appendices and II. Account Documents described below :—

I. *Appendices*—

(i) *Appendix I in Form No. IX (Specimen attached).*—Account particulars of amounts credited and debited under 'Advances Recoverable.'

(ii) *Appendix II in Form No. X (Specimen attached).*—Account particulars of cash recoveries made on account of overpayments and retrenchments.

(iii) *Appendix III in Form No. XI (Specimen attached).*—Account particulars of items credited to the head "Miscellaneous."

II. *Account Documents.*—

(i) List of cheques drawn.

(ii) Consolidated bank receipt.

(iii) Schedule of General Provident Fund deductions.

(iv) Schedule of income-tax deductions.

(v) Schedule of premia and subscription on account of Postal Life Insurance.

13. *Vouchers.*—All vouchers (except cash vouchers whether relating to works or contingencies, the amounts of which do not exceed Rs. 25 and muster rolls in support of payments to labourers) should be despatched in two batches accompanied by a list of payments in T. & A. Form No. 88 (*c*). The first batch of vouchers relating to payments made from the first to the tenth should be despatched so as to reach the Accountant-General on or before the 13th of the month and the second batch relating to payments made from the eleventh to the end of the month on or before the third of the next month.

14. *Control of expenditure.*—The progress of expenditure including liabilities to be adjusted should be watched with a view to taking early steps to obtain extra funds or surrender probable savings. To this end the procedure laid down in the Budget Manual should be followed, a record of expenditure being maintained in Form A referred to in rule 1 (*a*) of Appendix G and a copy thereof submitted to the Chief Controlling Officer—vide paragraph 64 of the Manual.

ANNEXURE I [Vide Note (1) under paragraph 2].

Detailed instructions for writing up the Cash Book.

1. The cash book contains two money columns headed (1) " Cash " and (2) " Bank " on the payment side for distinguishing between payments made by cheques and those made out of the cash in chest. When, however, a cheque is drawn to replenish the chest, its number and amount should be entered on the payment side in the bank column and the amount only on the receipt side as cash from the bank. The amount of a cancelled cheque should be shown by a special write-back entry as a minus figure on the payment side in the bank column.

2. Every entry must be concise. The date, the number of voucher, if any, and such a brief narration as will unmistakably indicate the nature of the transaction must be entered against each item. No receipt or payment other than of " Cash " should be entered in the cash book.

3. Transactions must be recorded at the time and on the date on which they actually occur and strictly in the order of occurrence.

4. It is a serious irregularity to draw cheques and deposit them in the cash chest at the close of the year for the purpose of showing the full amount of grant as utilized or to keep the cash book open after the 31st of March and make disbursements in April entering them in the cash book as having been made in March.

5. Acknowledgments of payments should, as far as possible, be taken at the time of payment and on one of the printed forms prescribed for the purpose. They should be numbered in a separate series for each month and the serial number of each voucher should be entered in the cash book as soon as the payment transaction is entered therein.

6. When an imprest is first given, the fact should be noted in red ink in the cash book of the disbursing officer giving it, in the column " To whom paid " ; but the amount should not be taken credit for as an actual payment, as it will still form a portion of the cash book balance of the disbursing officer making the advance. If, however, a cheque is drawn, its amount must be shown on both sides of the cash book, vide Note (1). Any subsequent increases or decreases in the amount should be similarly noted, the increases on the payment side and the decreases on the receipt side.

7. In posting transactions from imprest accounts, the recouping disbursing officer should enter in his cash book only the total for each head of account.

8. The procedure [for dealing with (i) time expired, (ii) cancelled and (iii) lost cheques is described below :—

(i) *Time-expired cheques.*—If the currency of a cheque should expire owing to its not being presented at the bank for payment within three months from the date of its issue [see article 49 (iv) of the Madras Financial and Account Code], it may be received back by the drawer who should then destroy it and draw a new cheque in lieu of it. The fact of the destruction and the number and date of the new cheque should be recorded on the counterfoil of the old cheque, and the number and date of the old cheque that is destroyed should be entered on the counterfoil of the new one. The fact of the new cheques having been issued should be entered on the date of issue in red ink in the cash book but not in the column for payment, a note being made at the same time against the original entry in the cash book.

(ii) *Cancelled cheques.*—Where it is necessary to cancel a cheque, the cancelment should be recorded on the counterfoil, and the cheque, if in the drawer's possession should be destroyed. If the cheque is not in his possession, he should promptly request the bank to stop payment of the cheque and on ascertaining that payment has been stopped, he should write-back the entry in his cash book by exhibiting the amount of the cheque as a *minus* figure on the payment side in the bank column. A counter-reference should be given in the cash book against the original, to the second entry of the cheque. A cheque remaining unpaid from any cause for twelve months from the date of its issue should be cancelled and its amount written back in the manner indicated in this sub-paragraph.

(iii) *Lost cheques.*—For procedure relating to lost cheques—vide instructions contained in article 50 of the Madras Financial and Account Code (Volume I).

9. The cash balance at the end of the month should be detailed thus in a note at foot of the Cash Book:—

		RS.	A.	P.
Cash in chest		7	9	5
Imprest with		100	0	0
Total ..		107	9	5

(Rupees one hundred and seven annas nine and pies five.)

10. The pages of the Cash Book should be machine-numbered. As far as possible, no lines should be left blank but if any space on a page of the Cash Book has to be left blank owing to the whole of the other page of the same folio being completely written up or any other cause a diagonal line should be drawn to cancel the blank space, so that it may not be possible to make any subsequent entries therein. Interpolation of entries should be avoided as far as possible but when it becomes necessary to make any entries between two ruled lines or to make any additions to, or interpolations between, entries already made, such additions should invariably be attested by the dated initials of the disbursing officer.

ANNEXURE II (vide note under paragraph 5).

Instructions for writing up the Imprest Cash Account.

1. The round sum with which an Imprest Cash account is opened, should at once be entered in red ink in column (5) "Total." The disbursement from this imprest should be entered daily as they are made, clearly and in full detail; and from time to time as the imprest-holder finds it necessary, as also a few days before the due date for the closing of the Cash Book of the disbursing officer from whom the imprest is held, the account should be closed and balanced. When the Imprest is recouped, the amount received should be entered in column (5) in red ink in the same way as the fixed amount with which the account was first opened.

2. The account should contain no entries of receipts other than the opening entry of the fixed imprest and the subsequent recoupments of expenditure, nor any entries of expenditure other than those paid directly by the imprest-holder himself from the amount of his imprest.

3. The analysis in column (7) should indicate the total amounts chargeable to each head of account. A copy of the analysis of charges should be submitted to the recouping officer supported by vouchers numbered and tacked on so as to correspond with the order of the entries in column (2) "Voucher number."

FORM I.

CASH BOOK (vide Instructions in Annexure I).

Cash Book of for the month of .

Receipts side.					Payments side.						
								Payments.			
Date of receipt.	Number of vouchers or receipt.	From whom received, etc.	Amount (Cash).	Classification of receipts.	Date of payment.	Number of voucher.	To whom paid, etc.	Cash.	Number of cheque (with number of cheque book.)	Amount.	Classification of charges.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
			RS. A. P.					RS. A. P.		RS. A. P.	

FORM II.

IMPREST CASH ACCOUNT (vide Instructions in Annexure II).

Imprest Cash Book of .

Month and date.	Voucher number.	Transactions.	Amount of cash payment.	Total.	Head of account.	Analysis of charges.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			RS. A. P.	RS. A. P.		

FORM III.

TRANSFER ENTRY BOOK.

For the month of

Date.	Item number.	Particulars of the transactions.	Debits.		Credits.		Dated initials of the accountant.
			Head of account.	Amount.	Head of account.	Amount.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				RS. A. P.		RS. A. P.	

FORM IV.

REGISTER OF CHEQUES.

Register of cheques drawn during

Number of cheque.	Date.	On what Treasury or Bank.	Amount.	Date of encashment.	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)
			RS. A. P.		
Total ..					

Note.—The entries in this form are to be verified by the Bank Agent, who will sign the statement below and return it to the officer in charge without delay for transmission to the Accountant-General.

Dated

Officer-in-charge.

	RS. A. P.
Total as per statement	
Deduct ' cheque No. not cashed during the month	
Add uncashed cheques of previous months cashed during the month	
Bank total ..	

Bank Agent.

FORM V.

REGISTER OF REMITTANCES.

Date of remittance.	Amount in words.	Amount in figures.	Signature of Bank Agent.
(1)	(2)	(3)	(4)
		RS. A. P.	

FORM VI.

REGISTER OF CHEQUE / RECEIPT BOOKS.

Number of book.	Name of officer using it.	Date of the first entry in the cash book.	Date of the last entry in the cash book.	Date of receipt of counterfoils of the books.	Dated initials of the officer or accountant.
(1)	(2)	(3)	(4)	(5)	(6)

FORM VII.

POSTING REGISTER.

Abstract of Receipts.

Office.	Columns to be opened according to the detailed budget heads that may be approved by Government.	Unfunded Debt—Savings Bank Deposits—General Provident Fund.	Objection Book Advances—Gazetted officers or other officers.	Loans and Advances by the Central Government.	Suspense Accounts—Departmental Adjusting Account—Payments adjusted.	Cash remittances.		Account Current—Insurance —Postal Life Insurance.	Cash from bank.	Opening cash balance.	Total.
						Cheques drawn.	Other remittances.				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Total cash transactions											
Transfer entries ..											
Total cash and transfer entries											
Corrections advised by the Accountant-General											
Total as per corrected monthly account ..											

Abstract of Charges.

Office.	Columns to be opened according to the detailed budget heads that may be approved by Government	Unfunded Debt—Savings Bank Deposits—General Provident Fund.	Objection Book Advances—Gazetted officers or other officers.	Suspense Accounts—Departmental Adjusting Account—Receipts adjusted.	Cash remittances.		Account Current—Transactions.	Cash from bank.	Closing cash balance.	Total.
					Remittances into bank.	Other remittances.				
(1	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Total cash transactions										
Transfer entries ..										
Total cash and transfer entries										
Corrections advised by Accountant-General										
Total as per corrected monthly account ..										

FORM VIII.

MONTHLY ACCOUNT.

Classified Abstract of the *for the month of*

Receipts.

Head of account.	Total of minor head.	Total of major head.	Figures passed by the Account-ant-General.
	RS. A. P.	RS. A. P.	RS. A. P.
[Heads to be opened according to the detailed budget heads that may be approved by Government.]			
Unfunded Debt—Savings Bank Deposits—Bank Accounts—			
General Provident Fund			
Advances Repayable—Objection Book Advances—			
Gazetted officers			
Other officers			
Advances of passage money			
Loans and Advances by the Central Government—			
House building advances prior to / after 1st July 1924			
Advances for the purchase of motor cars—			
Gazetted officers prior to / after 1st July 1924			
Advances for the purchase of conveyances other than motor cars—			
Gazetted officers prior to / after 1st July 1924			
Other officers prior to / after 1st July 1924			
Suspense Account —			
Departmental Adjusting Account *			
Receipts in cash			
Payments adjusted			
Cash Remittances —			
Remittance of commercial undertakings			
II Cheques			
III Other Remittances			
Account Current between Civil and Posts and Telegraphs —			
Account between Madras and Posts Postal Life Insurance			
Account Current between Civil and Railways			
Total Receipts ..			
Opening balance ..			
Grand total of Receipts ..			

* Full particulars of the transactions as well as the departments to which they relate should be furnished at foot of this page.

Classified Abstract of the *for the month of*

Charges.

Head of account.	Total of minor head.	Total of major head.	Figures passed by the Account-ant-General.
	RS. A. P.	RS. A. P.	RS. A. P.
[Heads to be opened according to the detailed budget heads that may be approved by Government.]			
Unfunded Debt—Savings Bank Deposits—Bank Accounts—			
General Provident Fund			
Advances Repayable—Objection Book Advances—			
Gazetted officers			
Other officers			
Advances of passage money			
Loans and Advances by the Central Government—			
House building advances prior to / after 1st July 1924			
Advances for the purchase of motor cars—			
Gazetted officers prior to / after 1st July 1924			
Advances for the purchase of conveyances other than motor cars—			
Gazetted officers prior to / after 1st July 1924			
Other officers prior to / after 1st July 1924			
Suspense Account —			
Departmental Adjusting Account.*			
Payment in cash			
Receipts adjusted			
Cash Remittances —			
Remittances of commercial undertakings			
I. Remittances			
III. Other Remittances			
Account Current between Civil and Military—			
IV. Items adjustable by Military			
Account Current between Civil and Railways			
Total Payments ..			
Closing balance ..			—
Grand total of Payments ..			

* Full particulars of the transactions as well as the departments to which they relate should be furnished at foot of the page.

APPENDIX I TO THE CLASSIFIED ABSTRACT OF CASH ACCOUNTS.

Account Particulars of the amounts debited and credited to advances recoverable in the Forest Accounts for 193 .

Month.	Authority.	Particulars of advances.	Amount advanced during the current month.	Balance as per previous month's account particulars.	Total.	Amount adjusted during the current month.		Balance.	Remarks.
						By recovery in cash.	By adjustment.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
			RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.	
Total ..									

NOTE.—(1) In cases of adjustment by transfer to some other head, the head to which the amount was transferred should be given.
(2) Outstandings over six months old must be entered in red ink.

APPENDIX II TO THE CLASSIFIED ABSTRACT OF CASH ACCOUNTS.

Account Particulars of Cash recoveries on account of Overpayments, Retrenchments, etc., during 193 .

From whom received.	On what account.	Particulars as to the month and the heads to which the original payments were debited.			Amount recovered.	Balance still to be recovered (if any).	Remarks.
		Month.	Head of account.	In what amount included.			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				RS. A. P.	RS. A. P.	RS. A. P.	
Total ..							

NOTE.—It should be distinctly stated whether the amounts were recovered in cash or deducted from bills. If the latter, the number of bills should be given.

APPENDIX III TO THE CLASSIFIED ABSTRACT OF CASH ACCOUNTS.

Accounts Particulars of items credited to "Other sources" under "Miscellaneous" in the Forest Account for 193 .

Nature of items.	Amount.	Remarks.	Nature of items.	Amount.	Remarks.
(1)	(2)	(3)	(1)	(2)	(3)
	RS. A. P.			RS. A. P.	
			Brought forward ..		
Carried over ..			Total ..		

CASH BOOK OF SUBORDINATE OFFICERS.

Cash Book of for the month of

Receipt side.						Payment side.					
			Receipts.						Payments.		
Date of receipt.	Number of voucher or receipt.	From whom received, etc.	Departmental receipts.	Advances from the head of the concern.	Classification of receipts.	Date of payment.	Number of voucher.	To whom paid.	Payments of departmental receipts into bank.	Other cash payments.	Classification of charges.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10) RS. A. P.	(11) RS. A. P.	(12)

Supplemental memorandum containing instructions relating to the maintenance of a cash-book by the Subordinate officers of the Cinchona Department.

Cash book of subordinate officers.—The subordinate officers of the Cinchona Department named in the margin will keep their accounts in a bound cash book (specimen form attached). Detailed instructions regarding the maintenance of the cash book contained in Annexure I should be carefully followed. The cash book of subordinate officers contains two money columns both on the receipt and on the payment sides. The first money column "Departmental Receipts" on the receipt side will be utilized for showing cash collections and the second money column "Advances from the head of the concern" is intended for showing the amounts received as advances and also all recoveries made on bills by short payment classified under the heads as described in paragraph 2 (3) of the main memorandum. Similarly, the first money column on the payment side is intended for entering all payments of departmental receipts into Bank and the second money column for other cash payments made out of the advances received for expenditure. It will then be possible to know at a glance the amount of advances that are actually outstanding against the subordinate disbursing officers and the amount of unremitted revenue on hand at any time. No imprest will be held by the subordinate officers and all their requirements will be met out of the advances made by the Deputy Director. The cash books of the subordinate officers will be closed a few days earlier than the last day of the month (the exact date being fixed by the Deputy Director of Agriculture). The cash in hand on the date of closing should be verified in the manner described in paragraph 4 of the main memorandum. True extracts of these cash books prepared in loose sheets should be forwarded to the Deputy Director of Agriculture duly supported by treasury chalans for receipts and by payment vouchers for expenditure. These extracts should also contain a certificate of verification of the closing balance.

1. The Manufacturing Chemists, Government Quinine Factory, Naduvattam.
2. Superintendent, Government Cinchona Plantations, Naduvattam.
3. Superintendent, Government Cinchona Plantations, Valparai, Anamalai.

As soon as the copies of the cash books of the subordinate officers are received in his office, the Deputy Director should check them with the chalans and vouchers received and verify the correctness of the classifications. They should then be posted in the posting register by credit to "Advances Repayable" and debit to the account heads concerned.

A memorandum showing the changes necessary in the existing system of commercial accounts in respect of the Cinchona Department, Ootacamund, consequent on the introduction of the gross budgeting system.

1. The accounts of the concern in commercial form should continue to be compiled, and presented as at present.

2. The sale and distribution of the quinine products are carried out by the Penitentiary, Madras, and detailed accounts for sales are maintained by the Superintendent, Penitentiary. Under the arrangements at present in force the Superintendent, Penitentiary, remits all realizations on behalf of the Cinchona Department into the Imperial Bank of India, Madras, to the credit of a suspense account and intimates the monthly collections to the Accountant General, Madras. On receipt of this intimation, the Accountant General verifies the credits and debits suspense account crediting the personal ledger account of the Deputy Director of Agriculture. At the end of each year, the Superintendent, Penitentiary, forwards to the Deputy Director of Agriculture, consolidated detailed statements, showing—

(1) Sales with quantities, rates and values.

(2) Opening and closing balances of quinine products including pice packets and treatments.

(3) Outstandings at the end of the year.

The details of the receipts of the Cinchona Department on account of sales of quinine products are thus obtained by the Deputy Director of Agriculture from the Superintendent, Penitentiary, and these figures together with any direct sales effected by the Deputy Director are taken credit for in the accounts prepared for the Cinchona Department as a whole.

3. Assuming that the sales will continue to be conducted by the Penitentiary, Madras, as at present, the existing books maintained at the Penitentiary and the submission of the statements referred to above at the end of the year by the Superintendent, Penitentiary, to the Deputy Director, may continue. As regards the remittances of the sale proceeds by the Penitentiary, in view of the abolition of the personal ledger account system, the Superintendent, Penitentiary, will credit the sale proceeds with the Imperial Bank under the receipt head proposed by Government, viz., XXV—C. Industries—Cinchona receipts, intimation being sent to the Deputy Director at the end of each month regarding the total amounts so remitted during the month. On receipt of the intimation the Deputy Director will pass an entry through the journal by debiting Government capital account and crediting the sales account.

4. The existing procedure in respect of financing the subordinate officers under the control of the Deputy Director is as follows :—

At the end of each month, the manufacturing chemist, and the other officers in-charge of the plantations, submit their "Journals" showing the amounts due for disbursement for labourers, etc., on the basis of which payments are made to these officers for disbursement by the Deputy Director. Urgent and petty payments are being made in the

plantations and the factory out of the permanent advance granted to the respective officers. The practice of making petty payments from a separate imprest may be discontinued and all payments made from advances drawn from the Deputy Director.

5. For the purpose of preparing the *pro forma* commercial accounts, the existing commercial books and forms will continue to be maintained (except the commercial book which is to be maintained in the new form as per the instructions relating to the maintenance of Government accounts).

The balances in the personal ledger accounts and the depreciation reserve invested with Government as on 31st March 1934 will, as indicated in this office letter, dated 12th April 1933, addressed to Madras Government, Finance, be adjusted in the Government accounts of 1933-34 as reduction of capital outlay invested in the concern under the head 56. C.a. Capital Outlay on Industrial Development—Investments on Government Commercial undertakings—Cinchona. The opening balance of capital account as on 1st April 1934 for purposes of the commercial accounts will, then, be the net amount after this reduction.

6. The transactions of the concern as per the monthly classified abstracts of receipts and expenditure to be submitted to the Accountant-General under the revised arrangement will be analysed according to the commercial heads required for the preparation (at the end of the year) of commercial accounts in the existing form and posted into the commercial books (i.e., ledgers) through the journal. This posting should be done monthly soon after the submission of the monthly accounts to the Accountant-General. The adjustment proposed in paragraph 3 above should also be made at the same time.

The journal entries will be Government Capital Account Dr.
To the heads concerned (in the case of receipts) and heads concerned Dr.
To Government capital account (in the case of payments).

7. The Government accounts will merely show the actual expenditure incurred during the year irrespective of the fact that it relates to the year or not. For purposes of commercial accounts, however, liabilities for expenditure accrued during the year but not paid will have to be added to and any expenditure not relating to the year but paid during the year deducted from the expenditure as booked in the Government accounts at the end of the accounting period. Indirect charges, such as, interest on capital, leave and pension contribution, audit fee, depreciation, etc., which do not appear in the Government accounts will also have to be adjusted for the purposes of commercial accounts through the journal at the end of the accounting period.

8. The existing procedure regarding the maintenance of priced stores ledger and other store books and forms and the method of closing the commercial accounts will continue.

The expenditure on the purchase of stores will be charged to the final heads concerned in the Government accounts irrespective of whether they are consumed or not. For purposes of commercial accounts, however, the debits should be in respect of the stores actually consumed during the year. The value of stores consumed during the year will be available from the existing store accounting books and forms. The value of the opening balance of stores should be added to the figure booked in Government accounts on account of the value of stores purchased and the value of the closing balance of stores deducted. The balance will represent the actual stores consumed during the year which should agree with the value of stores consumed as per the stores ledger accounts. The necessary adjusting entry should be made through the journal.

9. With the object of getting a correct idea of the total expenditure incurred on the various plantations, the following procedure which is at present being followed, should be continued, as it is desirable that the total capital value of the plantations should be available even under the new system :—

Expenditure incurred on plantations till their revenue earning stage is reached should be capitalized (only in commercial books) and as such, expenditure incurred on felling of forests, nurseries, weeding, etc., should be debited to an account 'Block in development' under the plantation (Naduvattam or Anamalais) concerned in the general ledger. Expenditure incurred on the maintenance of blocks already developed should be debited to maintenance charges on developed blocks. The overhead charges, such as, the pay and allowance of the Superintendent of the Plantations and his establishment should be allocated proportionately on the acreage basis between the blocks in development and developed blocks.

The plantation accounts would be shown collectively in the general ledger and as such a subsidiary plantation ledger showing detailed expenditure and the area under each individual block should be maintained as is being done at present.

10. The cost of bark harvested in the plantations usually should comprise the following :—

(1) Maintenance charges of developed blocks.
(2) Cost of harvesting.
(3) The overhead charges—the difference between the total of such charges and the amount charged off to ' Blocks in development.'

The value of the fuel supplied from the developed blocks will be deducted from the total expenditure.

11. The factory cost of production of quinine sulphate should consist of the various units of cost at present included. Factory overheads at present include, leave and pension contributions, depreciation on buildings and plant and machinery and interest on capital. These items are only adjustments in *pro forma* accounts and will be made only at the end of the year. The costs should be worked out as at present done.

12. The present procedure regarding the working out of the capital value of plantations and that of the prime cost of the bark harvested from the plantations as also the adjustment of the capital value of the plantations due to a revaluation made at the end of each year on the basis of the estimated quinine yield, may continue.

A memorandum showing the changes necessary in the existing system of Commercial Accounts of the Kerala Soap Institute, Calicut.

The various accounts at present prepared in commercial form and appended to the audit report of the institute should continue. For this purpose, all the existing commercial books should continue to be maintained as they are at present, with the exception of the cash book which will be in the form suggested in the memorandum dealing with the Government accounts instead of in the existing commercial form.

2. The postings into commercial books from the Government accounts may be made at the end of each month. The receipts and expenditure as classified in the monthly accounts should be posted to the different heads of accounts opened in the general ledger through the journal. The journal entries will be Government Capital Account Dr. to the heads concerned (in the case of receipts) and the heads concerned Dr. to Government Capital Account (in the case of payments).

3. In this concern, some items of charges have to be allocated between ' Factory overheads ' and ' General overheads ' ; e.g., two-thirds of the pay of the Superintendent and his two assistants together with the entire charges on account of store-keeping (including the pay of the store-keeper and his assistants and the wages of the coolies employed in the stores) has to be debited to ' Factory overheads ' and one-third to ' General overheads.' This allocation is now being made once a quarter and then posted through the journal ; and may continue to be done once a quarter as at present.

4. In this concern stores purchased are utilized for soap manufacture only. The present system of maintaining the stores ledgers and other allied records shows the stores on the manufacture of each variety of soap and may continue.

5. The expenditure on the purchase of stores will be charged to the final heads concerned in the Government accounts irrespective of whether they are consumed or not. For purposes of commercial accounts, however, the debits should be in respect of the stores actually consumed during the year. The value of stores actually consumed during the year will be available from the existing stores accounting books and forms. The value of the opening balance of stores should be added to the figures booked in Government accounts on account of the value of stores purchased and the value of the closing balance of stores deducted. The balance will represent the actual stores consumed during the year which should agree with the value of stores consumed as per the stores ledger accounts. The necessary adjusting entry should be made through the journal.

6. As regards packing materials, the present system of allocating at the end of the year the total packing and despatching charges (which include the value of packing materials utilized) to the various soaps at a flat rate worked out according to the quantity sold (except in the case of toilet soaps, to which 50 per cent more is added as they require more packing, wrappers, etc.), may continue.

7. The postings under the Government heads of account ' Wages of skilled and unskilled labour,' ' Pay of officers,' ' Pay of establishment ' and ' Allowances and honoraria ' will represent only the cash payments made on these accounts during the period irrespective of whether the expenditure relates to the period or not. For purposes of commercial accounts, March expenditure paid in April will have to be added to this figure and liabilities of the previous year paid during the year deducted therefrom. Generally, liabilities for expenditure accrued during the year but not paid will have to be added to and any

expenditure not relating to the year but paid during the year deducted from the figure booked in the Government accounts at the end of the accounting period, and necessary adjustments made in the commercial books through the journal.

8. Indirect charges (such as interest on capital, leave and pension contribution, depreciation, audit fee, etc.) (which do not appear in Government accounts) should be adjusted by credit to Government capital account in the commercial accounts through the journal at the end of each year. The adjustment in respect of value of stationery supplied and the cost of printing and of forms should also be similarly made at the end of the accounting period.

9. The balances in the personal ledger accounts and the depreciation reserve deposited with Government as on 31st March 1934 will, as indicated in this office letter, dated 12th April 1933, addressed to Madras Government, Finance, be adjusted in the Government accounts of 1933-34 as reduction of capital outlay invested in the concern under the head "56-C. a. Capital Outlay on Industrial Development—Investments in Government Commercial undertakings." The opening balance of the Madras Government capital account as on 1st April 1934 for purposes of the commercial accounts will then be the net amount after this reduction.

10. The debits to the various parties for the value of soaps sold will be made from the sales day book into the debtor's ledger, the ledger folio being noted in the column provided for in the sales day book. The credits for these parties for amounts collected from them will be made by analysing the cash collections of each month as shown in the monthly accounts. These postings are outside Government accounts and may be made at intervals to be decided by the Superintendent of the Institute.

The figures booked in Government accounts on account of sale of soaps, etc., will merely represent the total collections made during the year in respect of sales made during the year and also of the previous years. From this figure the opening balance of outstandings from sundry debtors will have to be deducted and the closing balance of sundry debtors will have to be added. The resultant balance should represent the actual sales made during the year and should be taken credit for in the trading account on account of sales. The total sales less returns made during the year will be available from the sales day book and the figures as arrived at above should agree with the total sale as shown in the sales day book. The necessary adjusting entry in the commercial books should be made through the journal at the end of the year.

A memorandum showing the changes necessary in the existing system of commercial accounts in respect of the Industrial Engineering Workshops, Madras, consequent on the introduction of the gross budgeting system.

A job sheet is maintained for each work order in which the cost of materials drawn and wages of labourers employed are posted. On the completion of an order, overheads are charged on the prime cost (i.e., labour plus materials) at different percentages varying from 5 to 100 according to the type or class of work. A bill for the total cost is then prepared and necessary action taken for recovery or adjustment of the amount.

2. The work done by the workshops for the outside public forms a very small percentage of the total work turned out. In respect of work done for Government departments, however, it is necessary to see that the overhead charges recovered on a percentage basis are adequate. For this purpose a trading and profit and loss account may continue to be maintained. The preparation of the balance sheet may, however, be discontinued.

3. The important registers maintained at present are—

1 Stores ledger (quantity and value).
2 Stores received book.
3 Stores issued book.
4 Materials analysis sheet.
5 Stores requisitions.
6 Stores returned slips.
7 Time slips.
8 Wages analysis sheets.
9 Job sheets.
10 Register of work orders.

All the above registers should continue to be maintained.

4. The Government accounts will be compiled under the heads approved by the Local Government. At the end of the year, the transaction of the concern as per the monthly classified abstracts of receipt and expenditure submitted to the Accountant-General, will be analysed according to the commercial heads required for the preparation of the trading and profit and loss account referred to above and will be posted into the ledger through the journal. The journal entries will be Government Capital Account Dr. to the heads concerned (in the case of receipts) and heads concerned—Dr. to Government Capital Account in the case of payments).

5. The figures posted under the Government heads of account ' Wages of skilled and unskilled labour ', ' Pay of officers ', ' Pay of establishment ' and ' Allowances and honoraria ' will represent only the cash payments made on these accounts during the period, irrespective of whether the expenditure relates to the period or not. For purposes of commercial accounts March expenditure paid in April will have to be added to this figure and liabilities of the previous year paid during the year deducted therefrom. Generally, liabilities for expenditure accrued during the year but not paid will have to be added to and any expenditure not relating to the year but paid during the year deducted from the figure booked in Government Accounts at the end of the accounting period, necessary adjustments being made in the commercial books through the journal.

6. Indirect charges such as interest on capital, audit fee, leave and pension contribution, depreciation, etc., will also have to be adjusted for the purpose of commercial accounts through the journal at the end of the accounting period. The adjustment in respect of the value of stationery supplied and the cost of printing and of forms should also be similarly made at the end of the accounting period.

7. The figures under the heads ' Wages of skilled and unskilled workmen ' and ' Stores consumed ' will be allocated for purpose of commercial accounts under the following heads at the end of the year.

Productive jobs.
Workshops maintenance.
Work-in-progress at the end of the year.

The necessary information will be readily available from the register at present maintained wherein the job sheets are posted in detail and the totals under ' Stores,' ' Labour' and ' overheads ' are being separately shown.

8. The expenditure on the purchase of stores will be charged to the final heads concerned in the Government Accounts irrespective of whether they are consumed or not. For purposes of commercial accounts, however, the debits should be in respect of the stores actually consumed during the year. The value of stores consumed during the year will be available from the stores issued book (which should continue to be maintained). The value of opening balance of stores should be added to the figure booked in Government accounts on account of the value of stores purchased and the value of the closing balance of stores deducted. The balance will represent the actual stores consumed during the year which should agree with the value of stores consumed as per the stores issued book. The necessary adjusting entry should be made through the journal.

A reconciliation may also be effected monthly (as at present done) between the total issues as per the stores issued book and the materials analysis sheet.

9. The balances of the personal ledger accounts and the depreciation reserve invested with Government as on 31st March 1934 will, as indicated in this office letter, dated 12th April 1933, addressed to the Madras Government, Finance Department, be adjusted in the Government accounts of 1933-34 as reduction of capital outlay invested in the concern under the head " 56-C. a. Capital Outlay on Industrial Development—Investment in Government Commercial undertakings." The opening balance of the Madras Government capital account as on 1st April 1934 for purposes of the commercial accounts will then be the net amount after this reduction.

10. The details on account of receipts to be credited in the trading and profit and loss account may be prepared by the Assistant Industrial Engineer at the end of each year. The total value of work done for which invoices have been issued can be ascertained from the work order register wherein all jobs completed are posted. In Government accounts the receipts will represent the actual receipts in cash or by adjustment during the period. For the purpose of commercial accounts, however, sales effected during the year for which the value has not been received during the year will have to be added to the actual receipts as per Government accounts and receipts during the year on account of sales effected during previous years will have to be deducted therefrom. The necessary adjustments should be made at the end of the year through the journal.

Appendix F G—1]

SUBJECT .....

.....

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Section G.7

File No. 420-34

Serial No. 4

Diary No. of letter replied to .....

No. Fe 991 (1)

To

The Comptroller

General and Revenue Secretariat

( )

the *193* .

Sir,

Date of issue 30/7/34

With reference to ~~As desired in~~ your letter

Signed by .....

No 858 I A D dated 10th May 1934, I am directed to forward herewith a copy of order no 1407 Dev dated 20th November 1933 issued by the Madras Government regarding the changes in the accounting procedure of Government commercial concerns. The same may be returned when done with.

I have etc.,

List of enclosures .....

Copied by .....

2617/34

for Financial Secretary

Examined by .....

26-7-34

WD 0677—G PB—15,000—3-11-33

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. Fl. 991 (1) 47.

Dated, Bangalore, 28th July 1934
30

From

The Financial Secretary to the Government of His Highness, the Maharaja of Mysore.

To

The Comptroller to the Government of Mysore.

Sir,

With reference to your letter No. 858/IAD. dated 10th May 1934, I am directed to forward herewith a copy of order No. 1407/Dev. dated 20th November 1933 issued by the Madras Government, regarding the changes in the accounting procedure of Government commercial concerns. The same may be returned when done with.

I have the honor to be,
Sir,
Your most obedient servant,

M Shamanna

for Financial Secretary to Government

C.R.G.2

G.7420-34-5

In reply please quote reference to No. 860/IAD

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Bangalore, dated 18th April *193* 5.

FROM

A. N. RAGHAVACHAR, ESQ., M.A.,
Comptroller to the Government of His Highness the Maharaja of Mysore,
Bangalore.

To

S. Shamanna Esq., B.A.,
Secretary to the Government of Mysore,
Financial Department, Bangalore.

SIR,

In continuation of this office No.U.O.462/IAD dated 17-12-34 regarding the contemplated change in the exhibition of accounts of Government Commercial concerns in the Budget, I have the honor to state that the Directors of Industries and Commerce, and of Sandal Oil Factory were consulted in this matter

2. The Director of Industries and Commerce in consultation with the officers in charge of concerns opines that as the expenditure as well as realisation of an Industrial concern mainly depend on the market demands for the manufactured goods, it would not be possible to prepare accurate forecasts of cash expenditure and receipts and strictly adhere to them. The Director, Sandal Oil Factory is also of the same opinion.

3. According to the present procedure in vogue here, the gross expenditure appears as a deduction entry from gross receipts under the Receipt side and it is subject to vote of Legislative Council. (Vide page 4 of the Budget for 1934-35, against Demand No.22). Variation in expenditure from the grants sanctioned in the Budget are noticed in the annual Appropriation Reports together with explanations of the Department concerned. The only difference between the syster adopted by the Government of Madras and that in

vogue

vogue here in this respect is, that while the provision made in the Budget of the Madras Presidency is for actual outgoings in cash only adjustments due mainly to the value of supplies and services obtained but not paid for during the year, are also included here in addition to cash outgoings. The method of accounting adopted here has the advantage of showing the correct amount of working expenses chargeable against the Gross Revenue of the concern for the year.

4. Again in the Budget of the Government of Madras, it is seen that the gross Receipts and Working Expenses appear under the Receipts and Disbursement sides respectively and swell the figures on both sides whereas in our Budget, the working expenses are deducted from Gross realisations on the Receipts side and the balance only representing the actual profit or loss, as a result of operation during the year is shown.

5. The figures appearing under the various sub heads of the Manufacturing, Trading and Profit and Loss Accounts of the concern are being abstracted and brought on Government books in a detailed account under the Major head XXIX Industrial Works.

6. Under these circumstances, I consider that the present method of exhibiting the transactions of Government commercial concerns may continue.

I have the honor to be,
Sir,
Your most obedient servant,

Comptroller

CV